

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-362-C - ORDER NO. 2008-50
JANUARY 28, 2008

| | | |
|-----------------------------------------------|---|--------------------|
| IN RE: Application of Brydels Communications, |) | ORDER GRANTING |
| LLC for a Certificate of Public Convenience |) | CERTIFICATE AND |
| and Necessity to Provide Resold |) | APPROVING FLEXIBLE |
| Interexchange and Local Exchange |) | AND MODIFIED |
| Communications Services and for Flexible |) | ALTERNATIVE |
| Rate Structure for Local Exchange Service |) | REGULATION |
| Offerings and for Alternative Regulation of |) | |
| its Interexchange Services |) | |

This matter comes before the Public Service Commission of South Carolina (“Commission”) by way of the Application of Brydels Communications, LLC (“Brydels” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold interexchange and local exchange telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2007) and the rules and regulations of the Commission. By its Application, Brydels also requests flexible regulation of its local exchange service offerings pursuant to Order No. 98-165 in Docket No. 1997-467-C, alternative regulation of its business interexchange services consistent with Commission Orders, and waiver of certain Commission regulations.

The Commission’s Docketing Department instructed Brydels to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of

the Application of Brydels and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Brydels complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. There were no intervenors in the docket.

Subsequently, Brydels and ORS filed a Settlement Agreement attached hereto as Order Exhibit 1. A hearing was convened on January 14, 2008, at 11:30 a.m. in the offices of the Commission in Columbia, South Carolina, before David Butler, Hearing Examiner. Brydels was represented by John J. Pringle, Jr., Esquire. The Office of Regulatory Staff (“ORS”) was represented by Shealy Boland Reibold, Esquire. Kyle Coats, Vice President of the Company, adopted the prefiled direct testimony of John Brydels, Jr., and testified in support of the Company’s Application.

The record reveals that Brydels is a limited liability company organized under the laws of the State of Louisiana and that it is registered to transact business in South Carolina as a foreign company. According to Mr. Coats, the Company seeks authority to resell prepaid and postpaid local and interexchange services. Mr. Coats explained the Company’s request for authority, and the record further reveals the Company’s services, operations, and marketing procedures. The Company intends to offer services to residential and business customers throughout the geographic territory of BellSouth. Mr. Coats also discussed Brydels’ technical, financial, and managerial resources to provide the services for which it seeks authority. Mr. Coats offered that Brydels possesses sufficient financial resources to support its operations in South Carolina.

With regard to management and technical capabilities, the Company's Application and Mr. Coats' testimony, both evidence that Brydels' management has extensive experience in telecommunications, information technology, regulatory matters, and accounting and finance. Mr. Coats also testified that Brydels will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders. Mr. Coats offered that approval of Brydels' Application would serve the public interest.

Mr. Coats, on behalf of the Company, requests a waiver of 26 S.C. Code Ann. Regs. 103-610, since the Company's books are maintained in Louisiana. Further, the Company requests an exemption from record keeping policies that require maintenance of financial records in conformance with the Uniform System of Accounts ("USOA"). Brydels maintains its books in accordance with Generally Accepted Accounting Principles ("GAAP"). In addition, the Company requests that it not be required to publish local exchange directories and therefore requests waiver of 26 S.C. Code Ann. Regs. 103-631.

After consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Brydels is organized as a limited liability company under the laws of the State of Louisiana and is authorized to do business as a foreign company in South Carolina by the Secretary of State.

2 Brydels desires to operate as a provider of resold local and interexchange services in South Carolina.

3 We find that Brydels possesses the managerial experience and capability to operate as a provider, through resale, of local services and interexchange services in South Carolina.

4. Although ORS was unable to calculate certain performance ratios due to Brydels' start-up status, we find, based on the financial statements submitted by the Company and the testimony at the hearing, that Brydels possesses sufficient financial resources to provide the services as described in its Application and testimony.

5. We find that the issuance of a Certificate of Public Convenience and Necessity to Brydels to operate as a reseller of interexchange and local exchange telecommunications services in South Carolina would be in the best interest of the citizens of South Carolina by providing more innovative services.

6. We find that Brydels will not initially offer prepaid calling card services but, in the event that Brydels in the future offers or provides such a service, Brydels shall post a surety bond or certificate of deposit for prepaid calling card services in the amount of \$5,000 as required by the Commission

7. Brydels requests a waiver of 26 S.C. Code Ann. Regs. 103-610. The Commission finds Brydels' requested waiver reasonable and understands the potential difficulty presented to Brydels should the waiver not be granted. Further, we find that a waiver of 26 S.C. Code Ann. Regs. 103-610 to be in the public interest. We also believe that exemption from the policies that would require the Company to keep its records

under the USOA is reasonable. Additionally we find that a waiver of 26 S.C. Code Ann. Regs. 103-631 is reasonable and in the public interest.

8. The Company has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B) (1) (Supp. 2007).

9. The Commission finds that the Company's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B) (3) (Supp. 2007).

10. The Commission finds that the Company will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B) (4) (Supp. 2007).

11. The Commission finds that services to be provided by the Company will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B) (2) (Supp. 2007).

12. The Commission finds that the provision of local exchange service by the Company "does not otherwise adversely impact the public interest." S.C. Code Ann. Section 58-9-280(B)(5) (Supp. 2007).

CONCLUSIONS OF LAW

1. The Commission concludes that Brydels possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.

2. The Commission concludes that Brydels will participate in the support of universally available telephone service at affordable rates to the extent that Brydels may be required to do so by the Commission.

3. The Commission concludes that Brydels will provide services which will meet the service standards of the Commission.

4. The Commission concludes that approval of Brydels' Application to provide intrastate telecommunications services within South Carolina will serve the public interest by providing for efficient use of existing telecommunications resources.

5. The Commission concludes that the provision of telecommunications service by Brydels will not adversely impact the public interest.

6. The Commission concludes that the issuance of the authority to provide intrastate interexchange and local exchange telecommunications services as requested by Brydels and as set forth in its Application and Mr. Coats' testimony is in the best interests of the citizens of the State of South Carolina.

7. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to Brydels to provide resold intrastate interexchange and local exchange telecommunications services.

8. The Commission adopts a rate design for Brydels for its residential interexchange services which include maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. *In Re: Application*

of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

9. Brydels shall not adjust its residential interexchange rates for end-users below the approved maximum level without notice to the Commission and to the public. Brydels shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. *In Re: Application of GTE Sprint Communications, etc.*, Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp.2007).

10. The Commission concludes that Brydels' intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers

which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing.

If an investigation of a particular tariff filing is instituted within seven days of the filing date, the tariff filing will then be suspended until further Order of the Commission. If an investigation is instituted on a particular tariff filing, notice of the investigation will be provided to the person or entity making the tariff filing and to the Commission. The notice is timely if dated within seven days of the filing date.

11. The Commission concludes the Company’s local exchange telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for

the Company's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels approved by the Commission. Further, the Company's local exchange service tariff filings are presumed valid upon filing. An investigation of the tariff filing may be instituted within 30 days of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. If an investigation is instituted on a particular tariff filing, notice of the investigation will be provided to the person or entity making the tariff filing and to the Commission. The notice is timely if dated within thirty days of the filing date. Further, any such tariff filings will be subject to the same monitoring process as similarly situated local exchange carriers.

12. We conclude that Brydels' request for waiver of 26 S.C. Code Ann. Regs. 103-610 should be granted, since strict compliance with the regulation potentially causes undue hardship on the Company. We also grant exemption from the policies requiring the use of USOA. In addition, we grant waiver of 26 S.C. Code Ann. Regs. 103-631, which requires publication of a local telephone directory.

13. The Settlement Agreement between the parties should be approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to Brydels to provide resold interexchange services and through the resale of services authorized for resale by tariffs of carriers approved by the Commission, as well as to provide resold local exchange telecommunications services within the State of South Carolina.

2. The Company's rate designs for its products shall conform to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, Brydels shall file its revised tariff, if any, and an accompanying price list for any applicable rates within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations, as well as the provisions of the Brydels-ORS Settlement Agreement.

4. The Company's service is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

5. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. Brydels shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Brydels changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA. Brydels shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (47 C.F.R. § 51.209). Specifically, Brydels shall

comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

8. Brydels shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Brydels shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website or at the ORS's website at www.regulatorystaff.sc.gov. The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed with the Commission and ORS no later than **August 31st** of each year. The proper form for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is entitled "Gross Receipts Form."

Each telecommunications company certified in South Carolina is required to file annually with the ORS the Intrastate Universal Service Fund ("USF") worksheet, which may be found on the ORS's website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than **July 1st** with the Commission and ORS.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests, and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Brydels shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The “Authorized Utility Representative Information” form can be found at the Commission’s website at www.psc.sc.gov/forms.asp; this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

10. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

11. At the hearing, Brydels requested a waiver of 26 Code Ann. Regs. 103-610 (Supp. 2007), which requires that records required by the Commission’s Rules and Regulations be maintained in South Carolina. The Commission finds Brydels’s requested waiver reasonable and understands the potential difficulty presented to Brydels should the waiver not be granted. The Commission therefore grants the requested waiver. However, Brydels shall make available its books and records at all reasonable times upon request by the Office of Regulatory Staff, and Brydels shall promptly notify the Commission and ORS if the location of its books and records changes.

12. Brydels also requests that it be exempt from record keeping policies that require a carrier to maintain its financial records in conformance with the Uniform System of Accounts. The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation. As a competitive carrier, Brydels maintains its book of accounts in accordance with Generally Accepted Accounting Principles (“GAAP”). GAAP is used extensively by interexchange carriers and other competitive telecommunications carriers. Accordingly, Brydels requests an exemption from the USOA requirements. We grant the Company’s request for the reasons stated above.


13. In the event that Brydels offers or provides any service that would implicate Title 23, Chapter 47 of the South Carolina Code Annotated, Brydels is required to comply with that Title and Chapter, which governs the establishment and implementation of a “Public Safety Communications Center,” which is more commonly known as a “911” system or “911 service.” Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, in the event Brydels offers or provides the appropriate services, the Commission hereby instructs Brydels to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning local telephone service in South Carolina. Accompanying this Order is a memorandum from the State 911 Office of the Office of Research & Statistics of the South Carolina Budget and Control Board. This

memorandum provides information about contacting County 911 Coordinators. By this Order and prior to providing local telephone services in South Carolina, Brydels shall contact the 911 coordinator in each county (and city where the city has its own 911 system) and shall provide information regarding the Company's operations as required by the 911 system.

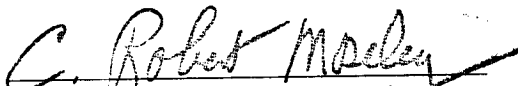
14. The Settlement Agreement between the parties is hereby approved.

15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


G. O'Neal Hamilton, Chairman

ATTEST:


C. Robert Moseley, Vice Chairman

(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-362-C

| | | |
|-------------------------------------------------|---|-----------------------------|
| In Re: |) | |
| Application of Brydels Communications, |) | |
| LLC for a Certificate of Public |) | |
| Convenience and Necessity to Provide |) | SETTLEMENT AGREEMENT |
| Resold Local Exchange and Interexchange) |) | |
| Telecommunication Services in the State |) | |
| of South Carolina and for Flexible and |) | |
| Alternative Regulation |) | |

This Settlement Agreement ("Settlement Agreement") is made by and among the Office of Regulatory Staff ("ORS") and Brydels Communications, LLC ("Brydels" or "the Company") (collectively referred to as the "Parties" or sometimes individually as "Party");

WHEREAS, on October 1, 2007, Brydels filed its Application requesting (i) a Certificate of Public Convenience and Necessity be granted authorizing Brydels to provide resold local exchange and interexchange telecommunications services throughout the State of South Carolina; (ii) alternative regulation of its interexchange business services, consumer card services, operator services, and private line services consistent with Orders 95-1734 and 96-55 in Docket No. 96-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C; (iii) flexible regulation for its local exchange telecommunications services consistent with Order No. 98-165 in Docket No. 97-467-C; (iv) for waiver of certain Commission Regulations, specifically Regulations 103-610 regarding location of records and 103-631 concerning publishing and distributing local exchange directories; and (v) a waiver of any requirement to maintain financial records in conformance with the Uniform System of Accounts ("USOA");

WHEREAS on October 15, 2007, the Commission issued a Notice of Filing and Hearing and established a return date of November 15, 2007, for the filing of letters of protest or petitions to intervene and established a hearing date of January 14, 2007 for the application to be heard before a hearing examiner;

WHEREAS, on October 17, 2007, counsel for ORS entered a Revised Notice of Appearance in this matter;

WHEREAS, on October 23, 2007, the Commission issued its Order No. 2007-742 by which the Commission appointed David Butler, Esquire as the Hearing Examiner in this matter;

WHEREAS, on December 3, 2007, Brydels pre-filed the direct testimony of John Brydels, Jr. with the Commission;

WHEREAS, the purpose of this proceeding is to review the application filed by Brydels and its requests (i) for a Certificate of Public Convenience and Necessity to provide resold local exchange and interexchange telecommunications services within the State of South Carolina; (ii) for alternative regulation of its interexchange business services, consumer card services, operator services, and private line services consistent with Orders 95-1734 and 96-55 in Docket No. 96-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C; (iii) for flexible regulation for its local exchange telecommunications services consistent with Order No. 98-165 in Docket No. 97-467-C; (iv) for waiver of certain Commission Regulations, specifically Regulations 103-610 regarding location of records and 103-631 concerning publishing and distributing local exchange directories; and (v) for waiver of any requirement to maintain financial records in conformance with the USOA;

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of Brydels to provide the services requested in the Application;

WHEREAS, ORS has reviewed the Application and the financial data provided by the Brydels but was unable to calculate certain performance ratios due to Brydels' start-up status;

WHEREAS, ORS has investigated the services to be offered by Brydels and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by Brydels;

WHEREAS, ORS has reviewed the prefiled testimony of John Brydels, Jr.;

WHEREAS, as a result of its investigations, ORS has determined (a) Brydels intends to offer resold local and long-distance telecommunications services such as residential and business local exchange services, switched outbound ("1 +" dialing), toll-free service, directory assistance services, and operator services; (b) the officers of Brydels possess sufficient technical and managerial abilities to adequately provide the services applied for; (c) based upon the information provided, including the company's liquid assets and available line of credit, Brydels appears to have access to sufficient financial resources necessary to provide the services proposed in its application; (d) Brydels' proposed tariffs with the amendments as agreed to in this Settlement Agreement comply with Commission statutes and regulations; (e) the services provided by Brydels will meet the service standards required by the Commission; (f) the provision of services by Brydels will not adversely impact the availability of affordable telecommunications services; (g) to the extent it is required to do so by the Commission, Brydels will participate in the support of universally available telephone service at affordable rates; and (h) the provision of services by Brydels will not adversely impact the public interest;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

- 1) The Parties agree that Brydels' Application and exhibits to the Application are incorporated into this Settlement Agreement and made a part hereof;
- 2) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the pre-filed testimony of Brydels' witness John Brydels, Jr. without cross-examination by ORS;
- 3) Brydels has submitted financial data, which was provided as Exhibit D to Brydels' Application and which financial data is incorporated by reference;
- 4) The Parties agree that Brydels should be granted a Certificate of Public Convenience and Necessity to provide resold local exchange and interexchange telecommunications services within the state of South Carolina;
- 5) Brydels has requested a waiver of 26 S.C. Code Ann. Regs. 103-610 concerning the location of books and records. However, S.C. Code Ann. §58-9-380 (Supp. 2006) provides that:

Each telephone utility shall have an office in one of the counties of this State in which its property or some part thereof is located and shall keep in such office all such books, accounts, papers and records as shall reasonably be required by the Office of Regulatory Staff. No books, accounts, papers or records required by the ORS to be kept within the State shall be removed at any time from the State except upon such conditions as may be prescribed by the Office of Regulatory Staff.

ORS is agreeable to allowing Brydels to maintain its books and records outside of the State of South Carolina in exchange for Brydels agreeing to provide access to its books and records. ORS

is agreeable to Brydels maintaining its books and records at its principal offices in the State of Louisiana, and Brydels agrees to notify the ORS of any change in the location of the principal office or in the location where the books and records are maintained. This provision of the Settlement Agreement shall not be construed as a waiver by ORS of S.C. Code Ann. § 58-4-55 (Supp. 2006) or § 58-9-1070 (Supp. 2006). ORS expressly reserves its rights to require the production of books, records and other information located within or outside of the State of South Carolina in order to carry out its duties and compliance with any state or federal regulation;

6) ORS does not oppose Brydels' request for waiver of 26 S.C. Code Ann. Regs. 103-631 which requires the publication and distribution of directories, and Brydels agrees to make arrangements with publishers of local directories in South Carolina to include the names and telephone numbers of Brydels' subscribers and customers in local directories, unless a subscriber indicates his/her desire for an unpublished telephone number;

7) Brydels has requested a waiver of any rule or regulation that might require a carrier to maintain its financial records in conformance with the USOA. Brydels acknowledges that S.C. Code Ann. § 58-9-340 (Supp. 2006) provides that the ORS may, in its discretion and subject to the approval of the Commission, prescribe systems of accounts to be kept by telephone utilities subject to the commission's jurisdiction and that the ORS may prescribe the manner in which the accounts shall be kept and may require every telephone utility to keep its books, papers, and records accurately and faithfully according to the system of accounts as prescribed by the ORS. Brydels agrees to keep its books, papers, and records in such a manner that permits ORS to audit its revenues and expenses for compliance with programs such as but not limited to the Universal Service Fund ("USF") and the Interim LEC Fund, dual party relay service fund,

and gross receipts. Brydels agrees to complete the reporting forms for such programs as but not limited to USF, dual party relay service fund, Interim LEC, and gross receipts as may be required by the ORS of telecommunications companies certificated to operate within South Carolina and as the reporting forms may be amended from time to time;

8) ORS does not oppose Brydels' requests (a) for flexible regulation for its local telecommunications service offerings consistent with Order No. 98-165 in Docket No. 97-467-C, such flexible regulation including specifically (i) adoption of a competitive rate structure incorporating maximum rate levels with the flexibility for rate adjustment below the maximum rate levels and (ii) presumptively valid tariff filings upon filing subject to an investigation of such tariff filing being instituted within thirty (30) days and (b) for alternative regulation of its interexchange business services, consumer card services, operator services, and private line service offerings consistent with the procedures described and set forth in Orders 95-1734 and 96-55 in Docket No. 96-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C, specifically (i) regulation of these services listed above in the same manner as these services are regulated for AT&T Communications of the Southern States, Inc., (ii) removal of the maximum rate tariff requirements for Brydels' business services, private line, and customer network-type offerings, except in instances governed by Order No. 2001-997 which reinstituted maximum rates for surcharges and rates associated with certain intrastate operator-assisted calls; (iii) presumptively valid tariff filings for these interexchange services unless an investigation of a particular filing is instituted within seven (7) days, in which case the tariff filing will be suspended until resolution of the investigation or until further order of the Commission; and (iv) allowing Brydels the same treatment as AT&T Communications of the Southern States, Inc. in connection with any future relaxation of reporting requirements;

9) Brydels agrees to resell the services only of those local exchange providers or interexchange carriers authorized to do business in South Carolina by the Commission. Brydels agrees to notify ORS and the Commission, in writing, if Brydels changes its underlying interexchange carriers;

10) Brydels agrees that it will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

11) Brydels agrees to file necessary financial and/or other information with the ORS and the Commission for universal service fund reporting, dual party relay service fund reporting, interim LEC fund reporting, annual reporting, gross receipts reporting, and/or any other reporting which may now or in the future be applicable to telecommunications providers such as Brydels. The Parties agree that such reports shall be filed pursuant to ORS' instructions and monies shall be remitted in accordance with the directions of the ORS and the Commission.

12) Brydels agrees to maintain its books and records in a manner that would permit ORS to examine any of Brydels' reports filed with the Commission and provided to ORS.

13) Brydels agrees to file with the Commission and ORS a completed authorized utility representative form within thirty (30) days of the Commission's order.

14) It is understood Brydels will not initially offer prepaid calling card services. In the event that Brydels in the future offers or provides such a service, Brydels agrees that it shall post a surety bond or certificate of deposit for prepaid calling card services in the amount of \$5,000 as required by the Commission;

15) In the event that Brydels offers local and long distance services to end users, Brydels agrees to comply with the verification regulations governing change of preferred carriers

as established by Federal Communications Commission ("FCC"). In addition, in the event that Brydels offers local and long distance services to end users, Brydels agrees to comply with the marketing practices and guidelines established by the Commission in Order No. 95-658;

16) Brydels agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, to the extent applicable, Brydels agrees to adhere to the FCC's rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, Brydels shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

17) To the extent necessary, Brydels agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;

18) Brydels agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a "Public Safety Communications Center," also known as 911 services." Brydels agrees to contact the appropriate authorities regarding 911 services in the counties and cities where Brydels will be operating prior to initiating local exchange service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding Brydels' operations. Attached as Exhibit 1 to this Settlement Agreement is a memorandum from the State 911 Office which provides contact information for the County 911 Coordinators;

19) Brydels agrees to comply with all rules and regulations of the Commission unless the Commission has expressly waived such rule or regulation;

20) Brydels agrees to file a final revised tariff with both the ORS and the Commission and the revised tariff shall reflect and be in accordance with ORS' recommendations as set forth in the summary attached as Exhibit 2 to this Settlement Agreement.

21) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

22) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

23) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the

Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.

24) This Settlement Agreement shall be interpreted according to South Carolina law.

25) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

Docket No. 2007-362-C

Order No. 2008-50

January 28, 2008

WE AGREE:

Representing the Office of Regulatory Staff

Shealy Boland Reibold

Shealy Boland Reibold, Esquire

Office of Regulatory Staff

1441 Main Street, Suite 300

Columbia, SC 29201

Telephone: (803) 737-0863

Fax: (803) 737-0895

Email: sreibol@regstaff.sc.gov

1/2/08

Date

WE AGREE:

Representing Brydels Communications, LLC

John J. Pringle, Jr.

John J. Pringle, Jr., Esquire
Ellis, Lawhorne & Sims, P.A.

Post Office Box 2285

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Telephone: (803) 343-1270

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jpringle@ellislawhorne.com

1/02/08

Date

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF RESEARCH & STATISTICS

EXHIBIT 1

MARK SANFORD, CHAIRMAN
GOVERNOR

GRADY L. PATTERSON, JR.
STATE TREASURER

RICHARD ECKSTROM
COMPTROLLER GENERAL



HUGH K. LEATHERMAN, SR.
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT W. HARRELL, JR.
CHAIRMAN, WAYS AND MEANS COMMITTEE

FRANK W. FUSCO
EXECUTIVE DIRECTOR

REMBERT C. DENNIS BUILDING
1000 ASSEMBLY STREET, SUITE 425
COLUMBIA, SOUTH CAROLINA 29201

Bobby Bowers
DIRECTOR

August 2, 2004

To: Telephone Companies New to South Carolina

In an effort to continue providing quality emergency services to the citizens of South Carolina, the State 911 Office requests that before beginning telephone services in a county, you contact the 911 Coordinator in that county. This will allow both parties to obtain important information about providing 911 services in that county. If you have already begun services, then contact the coordinator as soon as possible.

A list of County 911 Coordinators can be found on the South Carolina E911 homepage at www.ors.state.sc.us/digital/E-911.ASP. If you have any questions related to 911 in South Carolina, you may contact E911 Coordinations at the Office of Research and Statistics at 803-734-3883. The person responsible for this can also be found on the 911 homepage. Please be aware that some cities may have their own E911 systems, these are also listed on the 911 homepage. These city coordinators will need to be contacted in addition to the county coordinators.

ECONOMIC RESEARCH
WILLIAM GILLESPIE
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STATISTICS
1919 BLANDING STREET
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WALTER P. BAILEY, M.P.H.
(803) 898-9941

Brydels Communications, LLC has agreed to incorporate the following changes in the tariffs filed with its application.

Tariff Recommendations for Brydels Communications Interexchange Tariff No. 1

Page 1==modify footer at the bottom of the page to include a phone number or email address. This change should be made to all subsequent pages as well.

Page 5 Letter D==modify language== "When a tariff filing is made with the Commission, a copy will be provided to the ORS and an updated check sheet will accompany the filing."

Section 1 Definitions and Abbreviations

Page 7==add the following definitions== "ORS—The South Carolina Office of Regulatory Staff."

Section 2 Regulations

Page 8 2.2==modify sentence== "Carrier reserves the right to discontinue furnishing service upon written notice, when necessitated by conditions beyond its control or other reasons cited in South Carolina Regulation 103-625 or when the customer is using the service in violation of the provisions of this tariff or in violation of the law or South Carolina rules or Regulations."

Page 9 2.4.1==delete the following sentence from the paragraph== "...and in no event exceeding an amount equivalent to the proportionate charge to the customer for the period of service during which the mistake, accident, error, omission, interruption, delay or defect in transmission occurred."

Page 9 2.4== add a 2.4.3 and include the following language== "The included tariff language does not constitute a determination by the PSC that a limitation of liability imposed by the Company should be upheld in a court of law. Acceptance for filing by the PSC recognizes that it is the court's responsibility to adjudicate negligence and consequential damage claims. It is also the court's responsibility to determine the validity of the exculpatory clause."

Page 10 2.5==add at the following sentence at the end of the paragraph== "Records will be kept of all Interruptions of service including the date, time, duration, cause and steps taken to correct the interruption. These records will be available to the ORS upon request."

EXHIBIT 2

Exhibit to Settlement Agreement
Between Brydels Communications, LLC and ORS
Page 2 of 7

Page 11 2.7.1.C==modify as follows== "The customer must pay the carrier for the replacement or repair on Carrier's equipment, other than normal wear and tear, when damage results from:"

Page 13 2.7.3.C==The Company will delete this sentence in its entirety.

Page 15 2.7.5==The Company will include language for procedures a customer may use in order to terminate service. (See South Carolina Regulation 103-624.3)

Page 15 2.7.6.C== modify the first sentence as follows== "A maximum of one and one half percent (1 ½%) will be added..."

Page 15 2.7.6.D==The Company will describe how non-usage based charges will be billed.

Page 15 2.7.6.E== The Company will modify the sentence as follows== "Service may be denied or discontinued at Carrier's discretion, for non-payment of amounts due Carrier, past the due date, provided the Customer has had 5 days written notice. The Company may discontinue or suspend service for any reason that conforms to South Carolina Regulation 103-625."

Page 16 2.7.7 Number 2== Modify language in the paragraph to reflect that Customer disputes that are not resolved should be referred to the "ORS". Also delete the PSC address and add the ORS address.

Office of Regulatory Staff
Consumer Services Division
1441 Main Street, Suite 300
Columbia, SC 29201
(803) 737-0300

Page 17 2.8.1==The Company will include the calculation formula or descriptions for crediting an interruption of service.

Page 17 2.8.3==The Company will remove the phrase "reasonable time" and replace it with the phrase "5 days"

Page 18 2.8.3==add a letter "G" and add the following language== "The Company may discontinue, suspend or refuse service for any reason that is consistent with South Carolina Regulation 103-625."

Section 3—Description of Services

Page 20 3.7== modify the last sentence as follows= "Special Service charges will be developed on an individual case basis. These agreements will be made available to the ORS upon request."

EXHIBIT 2
Exhibit to Settlement Agreement
Between Brydels Communications, LLC and ORS
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Page 22 3.8.3==Is this a prepaid service? If this is prepaid, then a \$5000 bond must be submitted to the commission to secure prepaid services.

Page 23 4.1.1==The company will describe its time of day rates. In other word, describe the time frame that applies to nights, evenings, daytime, weekends, etc.

Page 23 4.1.4==modify the sentence as follows== "All rates stated are exclusive of any applicable taxes. Taxes billed to the customer will appear as separate line items on the Customers bill."

Page 24 4.2.1==Add the following language at the end of the paragraph== "Copies of all promotionals issued by the company will be sent to the ORS."

Page 25 4.5==modify sentence relating to payphone surcharge== "The payphone surcharge stated in Section 4.9 will apply to calls placed to an 8XX number." The Company's Tariff language has 4.8.

Page 25 4.7== modify the sentence as follows== "Any Customer issuing a check that is returned for insufficient funds will be charged a fee by the Carrier that will not exceed the amount designated in SC Code 34-11-70."

Page 25 4.8==modify the sentence as follows== "Carrier may from time to time offer special promotions to customers. These promotionals will be filed with the Commission and the ORS."

Additional Requirements for Interexchange Tariff

- 1) If any of your services are provided to residential customers, you must have a maximum rate as well as a current rate. The Company only has listed current rates. Maximum rates are typically higher than current rates in order to allow for a decrease or an increase in the rate (subject to commission approval).
- 2) If the Company charges any installation, connection, or maintenance charges, etc. (in addition to the services listed in the tariff). These additional charges and the descriptions of the charges should be listed in the tariff with their current and maximum rates.
- 3) The Company should add language as it relates to the adjustment of customer bills that will be consistent with SC Regulation 103-623.

EXHIBIT 2

Exhibit to Settlement Agreement

Between Brydels Communications, LLC and ORS

Page 4 of 7

Tariff Recommendations for Brydels Communications Local Exchange Tariff No. 2

Page 1==modify footer at the bottom of the page to include a phone number or email address. This change should be made to all subsequent pages as well.

Page 5 Letter D==modify language== “When a tariff filing is made with the Commission, a copy will be provided to the ORS and an updated check sheet will accompany the filing.”

Section 1 Definitions and Abbreviations

Page 8== add language at end of Definition for ‘Individual Case Basis’== “All ICB’s will be available to the ORS upon request.”

Page 9==add the following definitions== “ORS—The South Carolina Office of Regulatory Staff.”

Section 2 Regulations

Page 12 2.1.3.A==add the following at end of first paragraph== “Service will only be terminated on Monday through Thursday between the hours of 8:00 am and 4:00 pm, unless provisions have been made to have someone available to accept payment and reconnect service.” (SC Reg. 103-633)

Page 12 2.1.3.B==The Company will remove “upon 30 days notice” from the paragraph.

Page 12 2.1.3.D==The Company will delete in its entirety.

Page 17 2.3.1.C==The Company will modify the first sentence as follows== “reimbursing the Company for damages to, or loss of , the Company’s facilities or equipment caused by the acts omissions of the Customer due to negligence;...”

Page 18 2.3.2== add a letter “C” and include the following language== “The included tariff language does not constitute a determination by the PSC that a limitation of liability imposed by the Company should be upheld in a court of law. Acceptance for filing by the PSC recognizes that it is the court’s responsibility to adjudicate negligence and consequential damage claims. It is also the court’s responsibility to determine the validity of the exculpatory clause.”

EXHIBIT 2
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Between Brydels Communications, LLC and ORS
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Page 20 2.5.1==The Company will explain in greater detail the circumstances in which these charges would apply. Possibly give examples, or more detailed explanation.

Page 20 2.5.1.A== The Company will add the following language at end of paragraph== "All taxes will be listed as a separate line item on the Customer's Bill."

Page 21 2.5.2==If the Company charges a fee on delinquent accounts (late fees), include language that is consistent with SC Regulation 103-622.2.

Page 21 2.5.3.2==The Company will delete any reference to the "Commission" and substitute with "ORS". Complaints should be referenced to the following agency and address:

Office of Regulatory Staff
Consumer Affairs Division
1441 Main Street, Suite 300
Columbia, SC 29201
(803) 737-5230
1800-922-1531

Page 22 2.5.4==modify the sentence as follows== "The Company may discontinue or suspend service or cancel an application for service for any of the following reasons or any other reason that conforms to SC Regulation 103-625."

Page 25 2.5.5==The Company will also include its process for publishing a directory or process of contracting with an existing directory in addition to the Credit Allowance Language. The Company may refer to SC Regulation 103-631.

Page 26 2.6==The Company will add the following language at the end of the first paragraph== "The Carrier will keep records of interruption of service including the date, time, duration, and cause of the interruption of service. These records will be made available to the ORS upon request."

Section 3—Service Descriptions

Page 30 3.1.2==The Company will include a brief description of the standard features.

Page 31 3.1.4==If the Company provides service to residential customers, include a description of what constitutes Residential Service.

EXHIBIT 2

Exhibit to Settlement Agreement

Between Brydels Communications, LLC and ORS

Page 6 of 7

Section 4--Rates

Page 38 4.1.1.1.I==The Company will explain the Secondary Service Charge in more detail. (i.e. need, reasons).

Page 40 4.1.1.P==add the following language at end of the paragraph== "This fee will be listed as a separate line item on the Customer's bill."

Page 47 4.2.1.M== The Company will explain the Secondary Service Charge in more detail. (i.e. need, reasons).

Page 49 4.2.1.T==add the following language at end of the paragraph== "This fee will be listed as a separate line item on the Customer's bill."

Page 52 4.6== modify the sentence as follows== "Any Customer issuing a check that is returned for insufficient funds will be charged a fee by the Carrier that will not exceed the amount designated in SC Code 34-11-70."

Page 53 4.7.A & B==The Company will include maximum as well as current rates for "Individual Trouble Determination" and "Trouble Determination Plan".

Page 53 4.8== The Company will include a maximum as well as current rate for "Inside Wire Maintenance".

Page 54 4.9.1 & 4.9.2==The Company will include a maximum as well as a current rate for Basic Plan and MVP Plan.

Page 55 4.9.5.4==The Regulatory Cost Recovery Charge earlier in the tariff is \$.99. In this section it is \$1.49. The charge should remain consistent within the tariff.

Page 58 5.1==The Company will remove the last sentence referencing the "Commission" and add the following language at the end of the paragraph== "All Individual Case Basis Agreements will be available to the ORS upon request."

Additional Requirements for Local Exchange Tariff

1) If the Company desires to issue Promotional Offerings, the ORS Suggest adding the following supplement language: "The Company will submit Promotional Offerings by transmittal letter to the Commission and the ORS outlining the promotion, listing the service being promoted with beginning and termination dates of such. Promotional Offerings will not be filed within the Company's Tariff."

EXHIBIT 2
Exhibit to Settlement Agreement
Between Brydels Communications, LLC and ORS
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- 2) **The Company is applying for Flexible Regulation. Therefore, The Company will include maximum rates as well as current rates for all services within the Local Exchange Tariff. (This applies primarily to Section 4).**
- 3) **For any service or feature in which there is a charge or rate, the Company will submit a description of the service or feature being provided for which the rate is charged. The Company does include descriptions for some services, but others, such as Call Waiting, Call Block, etc. need descriptions.**
- 4) **If the Company requires or will require deposits in the future, The Company will include language consistent with South Carolina Regulation 103-621.**
- 5) **The Company will include language relating to the Adjustment of Customer Billing if a mistake has been made. This language should be consistent with South Carolina Regulation 103-623.**
- 6) **The Company will file all tariffs and tariff revisions with the PSC as well as the ORS.**